

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1502 – HB 2426

April 17, 2018

SUMMARY OF ORIGINAL BILL: Requires driver's education courses to include an area of instruction regarding the effects on driving abilities while talking or texting on a mobile phone.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (016771, 017390): Deletes all language after the enacting clause. Decreases from \$100,000,000 to \$85,000,000 the required balance for the General Shortfall Reserve Subaccount (Subaccount). Eliminates the additional \$10,000,000 that must be held in the Subaccount.

Amendment 017390 prohibits any student in a private institution of higher education with a financial need, from receiving an award of student assistance pursuant to this part that exceeds an award of student assistance received by a student at a public institution of higher education with the same or a substantially similar financial need, as determined by the Tennessee Student Assistance Corporation (TSAC). Reduces the number of members of the TSAC board of directors by two members.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

**Increase State Revenue – \$25,000,000/Tennessee Promise Scholarship
Special Reserve Account**

Decrease State Revenue – \$25,000,000/General Shortfall Reserve Subaccount

Other Fiscal Impact – Reduced availability of lottery proceeds in shortfall years for other programs such as early post-secondary opportunities funded from lottery proceeds.

To the extent this legislation results in additional students electing to attend public institutions of higher education in Tennessee, there will be an increase in state revenue from financial aid awards and tuition, as well as subsequent increases in state expenditures for the additional students attending the public

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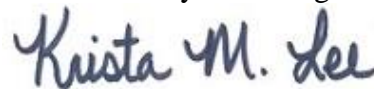
institutions of higher education. The extent and timing of these impacts cannot be determined.

Assumptions for the bill as amended:

- This legislation lowers the required amount to be held in the in the General Shortfall Reserve Subaccount of the Lottery for Education Account from \$100,000,000 to \$85,000,000, and eliminates the additional requirement to maintain an additional \$10,000,000 in the account above the \$100,000,000 threshold.
- This will result in a transfer of these funds to the Tennessee Promise Scholarship Special Reserve Account. Therefore, the recurring increase in state revenue to Tennessee Promise Scholarship Special Reserve Account is estimated to be \$25,000,000; and a corresponding recurring decrease in state revenue to the General Shortfall Reserve Subaccount is estimated to be \$25,000,000.
- Decreasing the size of the General Shortfall Reserve Subaccount could mean less funding, in a shortfall year, for early postsecondary opportunities for high school students such as dual enrollment; however, the extent of any reduction in available funding cannot be determined.
- No significant impact to local government operations.
- Savings realized from reducing the awards to students at private institutions will be used to fund additional eligible students; therefore the aggregate amount of funding for awards will not change.
- To the extent additional students choose public institutions of higher education in Tennessee over other alternatives, there will be an increase in state revenue and expenditures to and from state public institutions of higher education respectively; however, due to unknown factors such as the change in the number of students that will attend public institutions, the precise fiscal impact resulting from any shift in student attendance cannot be determined.
- Based on information provided by TSAC, both eliminated members of the TSAC Board of Directors are local and reimbursement for these two members over the last two years has been not significant; therefore, the fiscal impact of reducing the number of members on the TSAC Board of Directors is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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